

Message Text

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FM SECSTATE WASHDC

TO AMCONSUL CALGARY

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E.O. 11652: NA

TAGS: EFIN, CA

SUBJ: DEFAULTED OBLIGATIONS FOR BREEDING CATTLE

EXIMBANK GUARANTEE OG-153-27/BG-9335 AND OG-153-48/D-9830

1. THE ABOVE GUARANTEES WERE ISSUED TO FIRST NATIONAL BANK OF OREGON (FNBO) TO FINANCE THE EXPORT OF BREEDING CATTLE. BOTH TRANSACTIONS ARE CURRENTLY IN DEFAULT. ALTHOUGH FNBO HAS, WITH EXIMBANK'S APPROVAL, ENGAGED THE SERVICES OF ATTORNEY FRANK FLEURY OF THE LAW FIRM MACKIMMIE MATTHEWS, CALGARY ON OTHER TRANSACTIONS, THAT ATTORNEY DOES NOT TAKE COLLECTION CASES ON A CONTINGENCY FEE BUT CHARGES DOLS 50 PER HOUR IRRESPECTIVE OF RESULTS. EXIMBANK HESITANT TO LET FNBO ASSIGN ADDITIONAL CASES TO FLEURY. IT WOULD RATHER ASSIGN THE ABOVE AND FUTURE CASES TO A REPUTABLE LAW FIRM WILLING TO WORK ON A CONTINGENCY FEE BASIS.

2. EXIMBANK WOULD APPRECIATE THE CONSULATE'S ASSISTANCE IN DISCUSSING ABOVE TRANSACTIONS WITH ONE OR MORE LOCAL ATTORNEYS WITH THE REQUEST THAT THEY ADVISE EXIMBANK OF THE BASIS ON WHICH THEY WOULD BE PREPARED TO HANDLE THESE AND FUTURE COLLECTIONS.

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3. DETAILS OF THE ABOVE TRANSACTIONS FOLLOW:

A) GUARANTEE OG-153-27/GB-9335

INVOLVES SALE OF 152 BREEDING CATTLE TO FRED J. AND CAROLYN BROOKS, CALGARY FOR TOTAL OF DOLS 96,298.51. AFTER MAKING CASH PAYMENT BUYERS ISSUED PROMISSORY NOTE FOR DOLS 86,668.66 PAYABLE OVER 5 YEARS IN ANNUAL INSTALLMENTS OF DOLS 17,333.73 EACH PLUS INTEREST OF 9 AND 1/2 PERCENT P.A. FIRST INSTALLMENT DUE OCTOBER 25, 1974 UNPAID. FNBO HAS FILED CLAIM WITH EXIMBANK. IT IS OUR UNDERSTAND THAT BUYERS HAVE SOLD AT LEAST SOME OF THE BREEDING CATTLE.

B) GUARANTEE OG-153-48/D-9830

INVOLVES SALE OF 158 BREEDING CATTLE TO HYGRADE LIVESTOCK, LTD., COALDALE, GUARANTEED BY ANDY AND MARGARET RAMIAS, OWNERS, FOR TOTAL OF DOLS 370,000. AFTER MAKING CASH PAYMENT BUYERS ISSUED PROMISSORY NOTE FOR DOLS 333,000 PAYABLE OVER 5 YEARS IN ANNUAL INSTALLMENTS OF DOLS 66,600 EACH PLUS INTEREST OF 9 AND 1/2 PERCENT P.A. A DOLS 11,537.80 PREPAYMENT WAS APPLIED TO REDUCE THE LAST SCHEDULED PRINCIPAL PAYMENT. TOTAL PRINCIPAL OUTSTANDING IS DOLS 321, 462.20 OF WHICH DOLS 66,600 IS PAST DUE SINCE JANUARY 15, 1975. FNBO HAS SUGGESTED GIVING CASE TO ATTORNEY FLEURY FOR LEGAL ACTION, STATING THAT A DISPUTE ABOUT QUALITY OF THE CATTLE BETWEEN BUYERS AND EXPORTER IS NOT LIKELY TO BE RESOLVED. INGERSOLL

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